

Message Text

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PAGE 01 ROME 01362 271745Z

43

ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01 TRSE-00

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 L-03 H-02

PA-01 PRS-01 /088 W

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O R 271645Z JAN 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 5376

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: ITALIAN EXCHANGE MARKET DEVELOPMENTS

PASS TREASURY AND FRB

1. DR. GERONSI, HEAD OF EXCHANGE OPERATIONS AT BANK OF ITALY

TOLD TREASATT JAN 27 THAT LIRA/DOLLAR FIXING IN FRANKFURT

(CALCULATED THOROUGH CROSS RATES) WAS 729.12 LIRE PER

DOLLAR. BOI CALCULATION OF DEVALUATION OF LIRA SINCE

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FEBRUARY 1973 SHOWED DEPRECIATION FOR ALL CURRENCIES OF

25.54 PERCENT, FOR DOLLAR 20.32 PERCENT AND FOR EC
CURRENCIES 29.56 PERCENT

2. IN CONTRAST TO JANUARY 26, VOLUME OF TRADING IN
ITALIAN MARKET FELL SOMEWHAT AND "WAIT-AND-SEE" ATTITUDE
CONTINUED TO BE VERY PREVALENT. GERONSI THOUGHT THAT
BIG BUYERS OF FOREIGN EXCHANGE HAD NOT YET RE-ENTERED
MARKET, AT SAME TIME THAT SMALL EXPORTERS WERE CASHING
IN. THIS FACTOR, INCLUDING UNWINDING OF SPECULATIVE
POSITIONS TAKEN PRIOR TO WITHDRAWAL OF BOI FROM
EXCHANGE MARKET, MAY EXPLAIN RELATIVE STRENGTH OF LIRA.

3. ITALIAN PRESS ON JANUARY 27 REPORTED THAT FOREIGN
CENTRAL BANKS, POSSIBLY BUNDESBANK, MAY HAVE BEEN IN
MARKET IN SUPPORT OF LIRA ON JANUARY 26. TODAY
BUNDESBANK PUBLICLY DENIED THAT IT HAD INTERVENED. VOLPE

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Message Attributes

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Draft Date: 27 JAN 1976
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Margaret P. Grafeld
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